

CONFERENCE ON INVESTMENT FUNDS AND FOREIGN INVESTMENT IN VIETNAM'S NEW DEVELOPMENT ERA

The participants of the conference include key representatives from various organizations and individuals as follows:

- Mr. Nguyen Van Thang - Minister of Finance
- Ms. Vu Thi Chan Phuong - Chairwoman, State Securities Commission
- Do Van Su, Deputy Director, Foreign Investment Agency
- Leaders of major financial organizations both domestic and international.

Key Points:

No.	Government Message	Opportunity Assessment
1	Prioritize investment in science and technology, innovation, digital transformation, and green development to meet the demands of the economy in the new context. (Mr. Nguyen Van Thang)	<ul style="list-style-type: none">• Investment in Information and Communications Technology (ICT).• Technology startups: Venture capital (VC) funds and innovation funds can enhance capital allocation to promising startups in high-tech fields, fintech, and AI → seeking collaboration with VCs.
2	Determination to upgrade the stock market from frontier to emerging market status by 2025 . (Mr. Nguyen Van Thang)	<ul style="list-style-type: none">• Investment in securities-related stocks and blue-chip companies.
3	We are promoting the issuance of sustainable financial products such as green bonds , sustainable development bonds, and the establishment of a carbon credit market. (Ms. Vu Thi Chan Phuong)	<ul style="list-style-type: none">• Explore the operations of the carbon credit market, suitable for companies in the rubber industry.• Emphasize ESG (Environmental, Social, Governance) principles and sustainable development to enhance corporate valuation.
4	We have outlined opportunities in six key sectors that Vietnam will focus on in the near future, including electronics, semiconductors, innovation, digital economy research, digital transformation, and high-tech agriculture. (Mr. Do Van Su)	<ul style="list-style-type: none">• Investigate opportunities in non-technology sectors leveraging technology for efficiency gains, such as agritech.
5	Industrial parks and high-tech zones are being prepared with substantial land reserves and special preferential policies for strategic investors. (Mr. Do Van Su)	<ul style="list-style-type: none">• Explain the reasons behind the approval of numerous industrial parks in 2025. Industrial park land sourced from rubber plantations → The rubber industry benefits from this policy.

Detailed Summary of the Conference Content

The conference, themed "Investment Funds and Foreign Investment in Vietnam's New Development Era," organized by the Ministry of Finance, aims to identify specific solutions to more effectively attract foreign direct investment (FDI) and capital from international investment funds into Vietnam during the 2025–2030 period.

Key Issues Addressed:

- Evaluation of the current state, potential, and bottlenecks in attracting FDI and investment capital through the capital and securities markets.
- Strong reforms in the business environment, enhancing state management efficiency, and increasing financial market transparency.
- New policies prioritizing high-tech investment, green growth, innovation, and digital transformation.
- Vietnam's strategic goal for 2025 is to achieve a minimum GDP growth rate of 8%, laying the foundation for double-digit growth in the 2026–2030 period.

Prominent Investment Opportunities Identified at the Conference

Based on the clear orientations and statements from key speakers, significant investment opportunities include:

1. **Capital Markets and Fund Management Industry**
 - Vietnam plans to upgrade its stock market from frontier to emerging status in 2025, creating substantial opportunities for international investment funds.
 - New investment products under development include **ETFs, green bonds, ESG bonds, open-ended funds, and infrastructure funds**.
2. **Foreign Direct Investment in High-Tech Sectors**
 - Clearly prioritized industries include:
 - Semiconductor and chip manufacturing.
 - Information technology and artificial intelligence (AI).
 - Digital economy, digital transformation, and innovation.
 - High-tech agriculture and sustainable food production.
3. **Investment in Strategic Infrastructure**
 - Vietnam strongly encourages investment in **industrial and logistics infrastructure**, including the development of new industrial parks.
 - Clean energy projects, renewable energy, wind power, and solar energy are also top priorities.
4. **Investment in Human Resource Development**
 - The government is firmly committed to developing a high-quality workforce, particularly in semiconductors, high-tech industries, and digital transformation.
 - This presents opportunities for international education and training organizations to invest and collaborate in Vietnam.

5. Industrial Real Estate and Logistics

- Industrial parks and high-tech zones are being equipped with large land reserves and special incentives for strategic investors.

6. Green Investment and Sustainable Development (ESG)

- Vietnam is actively promoting ESG projects, including clean industrial production, green urban development, renewable energy, and green bonds.
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Appendix:

Details of Mr. Nguyen Van Thang's Speech at the Investment and Foreign Investment Funds Conference

1. Economic and Investment Assessment

In his opening address, Mr. Thang highlighted Vietnam's proud economic achievements from 2020 to 2024, emphasizing the critical role of attracting foreign investment to sustain growth in subsequent phases:

- "After nearly 40 years of reform, Vietnam has achieved significant milestones in socio-economic development with a consistent policy of promoting socialization, diversifying resources for development investment, and effectively mobilizing domestic and international capital."

Vietnam has emerged as an attractive destination for international investors, with total capital mobilization reaching nearly VND 930 trillion in 2024, a 1.3-fold increase from 2023, equivalent to 25% of total social investment capital. The stock market capitalization reached 62.5% of GDP, and bond market outstanding debt hit 31.5% of GDP, reflecting robust growth in Vietnam's capital and investment markets.

2. Challenges in Attracting Investment Capital

Mr. Thang candidly acknowledged that, despite significant achievements, Vietnam faces substantial challenges:

- **Limitations in Securities Investment Fund Operations:** "By the end of 2024, the total asset value of funds was equivalent to 1.2% of stock market capitalization. The total assets under management by fund management companies amounted to 6.5% of GDP."
- **Difficulties in Attracting FDI:** "Despite the results achieved, obstacles persist in land, construction, taxation, customs, administrative procedures, and foreign exchange processes."
- **Risks from an Underdeveloped Stock Market:** "While the number of investors in the stock market continues to grow, foreign investor trading accounts constitute only about 0.5% of the total."

3. Strategic Solutions to Attract Investment Capital

To address these challenges and enhance capital attraction efficiency, Mr. Thang proposed long-term strategic solutions focusing on policy reform and institutional innovation:

- **Streamlining Administrative Procedures:** "Continue reforming administrative procedures, improving project implementation efficiency, and ensuring business freedom and fair competition between domestic and foreign enterprises."
- **Enhancing Investment Legal Framework:** "The Ministry of Finance will focus on refining legal documents related to capital markets, investment funds, intermediaries, and FDI regulations."
- **Diversifying Investment Products and Fund Systems:** "Diversify fund types, including index funds, infrastructure bond funds, and money market investment funds."
- **Promoting High-Tech Investment and Digital Transformation:** "Prioritize investment in science and technology, innovation, digital transformation, and green development to meet the economy's new demands."
- **International Cooperation and Market Status Enhancement:** "Determination to upgrade the stock market from frontier to emerging status by 2025."

Details of Ms. Vu Thi Chan Phuong's Speech at the Investment and Foreign Investment Funds Conference

1. Capital and Investment Market Assessment

In her address, Ms. Phuong provided a forthright assessment:

- "Under the Party's leadership and the Government's guidance, Vietnam's economy has maintained stability, effectively controlled inflation, and ensured macroeconomic balance. In 2024, Vietnam's GDP grew by 7.09%, exceeding the National Assembly's target and surpassing forecasts by international organizations. With determination, the nation is entering a new era—the era of national ascent."

Ms. Phuong underscored the economy's notable achievements, particularly stable growth and inflation control amid global challenges, establishing a solid foundation for Vietnam's ambitious growth targets in the next phase.

2. Challenges in the Fund Management Industry

While recognizing positive outcomes, Ms. Phuong highlighted significant challenges:

- **Modest Capital Market and Fund Industry:** "The fund industry in Vietnam has considerable room for growth, with total assets under management accounting for nearly 6% of GDP, significantly lower than regional peers."
- **Individual Investor Behavior:** "In Vietnam's stock market, individual investors typically prefer self-trading and controlling their investments, lacking the habit of investing through professional funds, which makes the market prone to volatility driven by investor sentiment."
- **Limitations in Fund Type Development:** "Despite some successes, the fund industry has significant potential for expansion, with managed assets at only about 6% of GDP, far below regional standards."

- **Difficulties in Attracting Foreign Capital:** "Legal mechanisms related to fund operations remain inconsistent, posing challenges in attracting international investors, particularly for long-term investments."
 - 3. **Solutions to Develop the Fund Management Market**
Ms. Phuong outlined critical measures to advance the fund management market:
 - **Enhancing Individual Investor Awareness:** "The State Securities Commission will continue training and disseminating knowledge about securities investment funds, equipping investors with the understanding to shift from individual to long-term, stable investments via professional funds."
 - **Diversifying Fund Types:** "The State Securities Commission is researching and proposing to the Ministry of Finance regulations on new fund types, such as index funds, money market funds, and infrastructure bond funds."
 - **Increasing Information Transparency:** "Decree 155, guiding the Securities Law, mandates all public companies to review and disclose foreign ownership ratios to ensure transparency."
 - **Improving Investment Product Quality:** "We are promoting the issuance of sustainable financial products like green bonds, sustainable development bonds, and developing a carbon credit market."
 - **Advancing Technology and Digitization:** "The State Securities Commission will collaborate with relevant agencies to simplify administrative procedures through digitization, facilitating investor participation."
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Details of Mr. Do Van Su's Speech at the Investment and Foreign Investment Funds Conference

1. FDI Attraction Orientation in the New Era

Mr. Do Van Su emphasized that, amid global economic volatility, attracting FDI requires a proactive and innovative approach rather than relying solely on traditional open-door policies.

- Key Highlights of FDI Attraction Strategy:
 - Shift from passive to proactive engagement, negotiating directly with major corporations, especially in high-tech sectors.
 - Promote synergy between FDI and domestic investment for sustainable development.
 - Prioritize high-tech fields: electronics, semiconductors, innovation, digital transformation, and international financial centers.

2. Role of Investment Funds in FDI Connectivity

Mr. Su affirmed that investment funds play a vital role in bridging direct (FDI) and indirect (FII) investments by:

- Connecting Vietnamese enterprises to global value chains.
- Transferring technology and modern management expertise.
- Enhancing competitiveness through improved governance and risk management.

3. Vietnam's Competitive Advantages in Attracting FDI

Mr. Su identified eight competitive advantages:

- Political stability as a safe investment destination.
 - Consistent economic growth, even during the pandemic.
 - Competitive production costs with improving labor productivity.
 - Abundant workforce in its demographic golden age.
 - Expanding domestic market with growing consumption potential.
 - Deep international integration via numerous free trade agreements (FTAs).
 - Progressive investment policies and economic reforms.
 - Strategic geographic location in Southeast Asia.
4. **Challenges in Attracting FDI**
- Mr. Su candidly outlined persistent challenges:
- Inconsistent administrative procedures across localities.
 - Uneven technical infrastructure, particularly in energy and logistics.
 - Difficulties in land access and site clearance.
 - Limited technology transfer, reducing project efficiency.
5. **Preferential Policies and Legal Reforms**
- Mr. Su highlighted special incentives to attract investment:
- Tax incentives: Rates as low as 5% for 37 years, tax exemptions for 6 years, and 50% reductions for 13 subsequent years.
 - Simplified administrative procedures, reducing licensing and post-licensing inspection times.
 - Full digitization of administrative procedures by 2025.

Information from Major Financial Institutions

1. **SK Innovation (South Korea)**
- **Economic Growth and Energy Demand:** SK Innovation noted Vietnam's rapid economic growth driving increased energy consumption, particularly in electricity-intensive industries like AI data centers, electric vehicle battery production, oil refining, and semiconductors.
 - **Proposed Solutions:** Deployment of clean, long-term energy solutions, including liquefied natural gas (LNG) for baseload power, combined with renewables and energy storage systems (ESS). Emerging technologies like small modular reactors (SMR) and hydrogen were also highlighted.
 - **Investment Environment Impact:** Stable, clean energy enhances Vietnam's appeal to FDI in high-tech and advanced manufacturing, reducing energy disruption risks and boosting its sustainable development reputation globally.
2. **Google**
- **Human Resources and Labor Policy:** Google commended Vietnam's efforts in tech workforce development but noted challenges in work permits and visas for foreign experts, hindering technology transfer.
 - **Tax Concerns:** New tax regulations effective April 1, 2025, particularly withholding taxes on digital platforms, may burden multinational corporations and affect long-term investment plans.

- **Impact on Tech Investment:** Unclear policies could deter tech firms, potentially redirecting capital to countries with more favorable legal environments, undermining Vietnam's tech hub ambitions.
 - 3. **KoCham (Korean Chamber of Commerce in Vietnam)**
 - **Administrative Simplification:** KoCham urged consistent enforcement of investment laws across localities to enhance transparency.
 - **Digital Transformation:** Emphasized digitization in administrative management to streamline processes and improve efficiency.
 - **Investment Environment Impact:** Addressing these issues could elevate Vietnam's competitiveness against regional peers like Thailand, Malaysia, and Indonesia.
 - 4. **SingCham (Singapore Chamber of Commerce in Vietnam)**
 - **Transparency and Barrier Reduction:** Highlighted complex investment procedures as a key obstacle, recommending greater transparency and reduced bureaucracy.
 - **High-Quality Workforce Development:** Stressed the need for skill training programs to meet demands in IT, AI, and automation.
 - **FDI Impact:** Effective implementation could position Vietnam as a prime destination for Singaporean investors, strengthening bilateral economic ties.
 - 5. **ADB (Asian Development Bank)**
 - **Sustainable Development Financing:** Committed to long-term financing for major infrastructure projects in energy, transport, and smart cities.
 - **Capital Market Development:** Proposed diversifying capital sources, enhancing bond and equity markets to improve liquidity and reduce financial risks.
 - 6. **PIDG (Private Infrastructure Development Group)**
 - **Bond Issuance Guarantees:** Suggested models to guarantee bond issuance, creating attractive financial products for foreign investors.
 - **Capital Diversification:** Emphasized diversifying infrastructure investment sources for sustainable development.
 - 7. **VinaCapital**
 - **Long-Term Capital Mobilization:** Proposed venture capital and real estate funds to attract international investors with flexible products.
 - **Capital Market Impact:** Successful execution could foster a diverse, sustainable capital market, reducing reliance on short-term loans.
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